

Canadian R.R.'S to have 20 p.c. Advance

Government Order-in-Council practically adopts McAdoo increase in freight rates

Ottawa, July 25. Acting on a report prepared by the Board of Railway Commissioners an Order-in-Council has been passed increasing freight rates to an amount sufficient to meet the increased operating cost imposed on the railways by the new wage schedule. The increase will average about 20 per cent.

The freight rate increases are the direct outcome of the acceptance in Canada of the McAdoo award which applies to both Government railways and railways owned by private companies.

The announcement given out July 25, by the Government, reads:—

The railway companies, confronted with demands for increased wages, stated that they were willing to grant the increases allowed by Director-General McAdoo, in dealing with the wages of railway employees in the United States. They recognized the general similarity of operating conditions in Canada and the United States, and they admitted that, in general, wage scales of railway employees in this country are similar to those in force on the other side.

The railway employees are taken in their daily work from one side of the line to the other, and the brotherhoods are identical in their scope. Recognizing these facts and conditions, the Government made effective in Canada the so-called McAdoo scale of wages. As a corollary the Canadian railways insisted the McAdoo scale of freight rates, which were deemed necessary in order to carry the increased cost of railway operation in the United States, should be adopted here. The condition of the Canadian railways made this result all the more certain. The earnings of the Grand Trunk in 1916 of £1,200,000 had dropped in 1917 to such an extent that there were practically no net earnings, and no dividends on any of the preferred stock could be or were declared. There was also a drop in the first six months of this year in the net earnings of the C.P.R. of \$6,500,000, as compared with the first six months of last year. The deficit on the Canadian Northern was increasing, and there was no other way in which money for meeting the increased scale of wages which the men demanded could be raised.

By Order-in-Council, passed under the War Measures Act, the Government, after considering a report prepared by the Board of Railway Commissioners on the rate situation in Canada, has practically adopted the McAdoo increase. There are certain exceptions made in cases where it was found that the adoption of the scale would unduly limit or interfere with Canadian commerce. The export and import rates system in Canadian territory where rates were not increased continue to stand, and can only be increased subject to a maximum of the lowest rate or rates in American territory to or from the seaboard ports. In like manner, the low value ore in the Kootenay district, which could not well stand the American increase, is held down to the stone and rubber commodity basis.

The effect of the application of the American increases brings about a difference in Canadian territory in the east and west. In the American eastern territory advances have been made by the Interstate Commerce Commission, in the so-called 15 per cent case. Advances were also made in Canadian territory by the Board of Railway Commissioners in both Eastern and Western Canada, but no advances were granted in American territory on the lines of the Northern railways in territory immediately contiguous to the Canadian West. In applying the increases, therefore, in eastern territory, the McAdoo increases are calculated upon the rates as advanced by the board following the action which has been taken in American eastern territory, while in western territory the advances granted by the Board of Railway Commissioners are struck out, and the McAdoo increase calculated upon the former rates. This percentage of increased rate will not, however be, actually effective. On the short hauls, where the total freight bill does not constitute a large percentage of the value of the article carried, somewhat higher increases could be instanced, but on the longer hauls on most of the important commodities rates are held down to a maximum increase and in other cases by flat increases, which cannot be exceeded, no matter how long the haul may be.

It is impossible to tell what the exact percentages of increase will be that the railroads will obtain un-

der the McAdoo order. In all probability it will not exceed twenty per cent. The increase granted cannot add anything to the net revenues of the companies. It may fall short of meeting their increased expenses. The increased operating cost entailed by applying the McAdoo award is some \$53,000,000, and in 1917, when the Canadian railways probably earned the highest rates in their history, the gross freight earnings amounted to but some \$215,000,000.

The Government has ordered the Board of Railway Commissioners to check each month the operations of Canada's three main roads, the Canadian Pacific, that, if it is found that any increase is unnecessary,

the Grand Trunk, and the Canadian Northern, so it may be promptly reduced to the proper figure. The board are also ordered to make a monthly report to the Cabinet covering the operation of the new tariff.

One important effect of the order will be to bring the western and eastern scale of rates more in line, and remove the grounds for complaint of the westerner that he is more heavily taxed for the operations of Canada's railroads than is the easterner. In this connection, it may be noted that one of the first judgments of the present chairman of the Railway Commission was to reduce the tariff of the express companies in western territory twenty per cent, leaving the rates in eastern territory as they were. This reduction was followed by the general reduction in freight rates in western territory, which was brought about by the commission's judgment in the western rate case, and the commission in 1916 increased the freight rates in Eastern Canada, again bringing the scales nearer a parity.

Exports of Agricultural and Animal Products

During April and May there was a falling off in exports of animal and agricultural produce as compared with the previous months. In the last quarter of 1917 the value of the foodstuffs exported was \$256,000,000, an exceptional total which was no doubt due to a concerted international effort at that time to move the largest possible volume of foodstuffs to Europe, with the result that the stocks remaining in Canada were considerably reduced. In 1915 and 1916 the value of the foodstuffs exported was \$168,520,000 and \$144,000,000 respectively. During January and February of the current year foodstuffs were exported on a larger scale than in the corresponding months of the two previous years, thus making further inroads upon the available stocks and explaining the decline in April and May.

There is a good prospect of maintaining the usual volume of exports of dairy products. The volume of the exports of cheese and butter and their value since 1901 is shown in the following table:

Total Exports of Canadian Butter and Cheese, for the fiscal years 1901-1918.					
Year.	Butter.		Cheese.		
	lb.	\$	lb.	\$	
1901....	16,335,528	3,295,663	195,926,397	20,696,951	
1902....	27,855,978	5,660,541	200,946,401	19,686,291	
1903....	34,128,944	6,954,618	229,099,925	24,712,943	
1904....	24,568,001	4,724,155	233,980,716	24,184,566	
1905....	31,764,303	5,930,379	215,733,259	20,300,500	
1906....	34,031,525	7,075,539	215,834,543	24,433,169	
1907....	18,078,508	4,011,609	178,141,567	22,006,584	
1908....	4,786,954	1,068,703	189,710,463	22,887,237	
1909....	6,326,355	1,521,436	164,907,139	20,384,666	
1910....	4,615,380	1,010,274	180,859,886	21,607,692	
1911....	3,142,682	744,288	181,895,724	20,739,507	

1912....	8,844,402	2,077,916	163,450,684	20,888,818
1913....	828,323	223,578	155,216,392	20,697,144
1914....	1,228,753	309,046	144,478,346	18,868,785
1915....	2,724,913	639,625	137,601,661	19,213,501
1916....	3,441,183	1,018,769	168,961,583	26,690,500
1917....	7,990,435	2,491,992	180,733,426	36,721,136
1918....	5,037,512	2,042,479	169,626,252	36,630,119

* Nine months.

The value of the products of our dairies in 1918 is estimated at \$200,000,000 and as a result of the active co-operation of the various provincial governments, notably in the prairie provinces, production is steadily increasing.

The production of wool promises to be considerably larger this year than heretofore, as a result of increases in the flocks, and it is estimated that the total yield will be 16,000,000 lb., valued at \$10,800,000. The exports of wool for the fiscal years ending March 31st are as follows:—

	1913.	1914.	1915.
lb. 976,606	2,841,184	5,659,970	
\$ 193,500	\$648,675	\$1,359,741	
	1916.	1917.	1918(a).
lb. 4,546,121	5,923,291	10,281,781	
\$ 1,497,684	\$2,595,488	\$6,662,710	

(a) Eleven months ending February.

The current prices of wool at Toronto are from 65 cents to 72 cents per pound for unwashed as compared with an average price for the whole of Canada of 50 cents in 1916 and of 26 cents in 1914.—The Monthly letter of the Bank of Commerce.

The extent to which animal and agricultural products (from which the greater part of our exportable foodstuffs are derived) have been thus drawn upon within the last year is shown in the accompanying graph.

